

## **Alaska Agricultural Lenders**

### **October 2006**

#### **Agricultural Revolving Loan Fund (ARLF) – Fixed Rate**

**ARLF** is Alaska's major agricultural lender loaning more than \$1 million annually with emphasis on agricultural development. The ARLF is valued at approximately \$25 million, which includes \$12 million loan portfolio, less than \$4 million cash and other assets. The ARLF has been offering a 5% fixed rate with maximum 30-year term since January 16, 2003. The Board of Agriculture & Conservation sets the ARLF loan interest rates comparable to other Alaskan agricultural lenders.

#### **Alaska Rural Rehabilitation Corporation (ARRC) – Variable rate**

**ARRC** is valued at approximately \$5 million, which includes a \$3.5 million loan portfolio, \$1 million in cash and some real estate. ARRC offers conservative financing with approximately 1/3 of their \$1 million annual loans in 3 year (secured by equipment) to 5 year (secured by real estate) line of credit and 2/3 on real estate. The majority of their real estate loans are for land purchase and new construction, including residential.

Their current interest rates are vary from 5% - 8% with terms of up to 20 years. Their rates are adjustable every two years with no cap, though they have made no variable rate adjustments to their existing loans to date. They are currently charging 5% and 6% interest rates based on qualifications.

#### **USDA Farm Services Agency (FSA) – Fixed rate**

**FSA** offers financing generally if other credit is unavailable. They also offer special program financing for minorities and first time farmers. Alaska receives approximately \$2 million annually. Last year the FSA loaned less than \$500,000 in Alaska. They are currently servicing approximately \$10 million Alaska loan portfolio.

Their interest rates are fixed and are presently 5.375% for short term with a maximum of 7-year term and 5.625% for longer term with a maximum 40-year term. Their rates change monthly based on Treasury rates.

#### **Farm Credit Services (FCS)– Variable rate**

**FCS** offers conservative financing with FSA guarantees and has only made a few loans in Alaska in the past few years. They offer fixed interest rates. Typically their interest rates are variable rates with a cap and are presently 7.25% - 12.20% with a maximum 20-year term. Borrowers may be eligible for a .50% - .70% annual interest refund. There may be prepayment penalties.

#### **Commercial Fishing & Agriculture Bank (CFAB) – Variable Rate**

**CFAB** has had no agricultural loan activity in years. Their primary loan programs are for the fishing and tourism industries. Their variable rates are typically not competitive at 7.25% - 9% with a maximum 20-year term.

# Agricultural Loan Interest Rates October 1, 2006

Lender	Short Term	Chattel	Development/ Construction	Irrigation System	Product Processing	Land Clearing	Real Estate	Comments
<b>ARLF</b>								
Interest - Fixed	5%	5%	5%	5%	5%	5%	5%	Fees - \$50
Term	1 year	7 years	30 years	30 years	30 years	20 years	30 years	Loans limited to 75% CLTV Alaskan residents only

**Good Borrower Credit may not reduce rate to less than 5%**

<b>ARRC</b>								
Interest - Variable	5 - 8%	5 - 8%	5 - 8%	5 - 8%	5 - 8%	5 - 8%	5 - 8%	Fees - \$100 new borrower, \$50 existing borrower
Term	1 year	7 years	20 years	Loans limited to 70% CLTV Rate & LTV determined by collateral & credit				

**Interest rate adjustment every 2 years with no interest rate cap**

<b>FSA</b>								
Interest - Fixed	5.375%	5.375%	5.625%	5.625%	5.625%	5.625%	5.625%	Fees - credit report \$28 individual & \$34 joint
Term	1.5 years	7 years	40 years	Loans limited to 100% CLTV Terms available 'up to' maximum period listed Other credit must not be available				

**5% rate can be applied for Limited Resource Borrowers**

<b>Farm Credit</b>								
Interest - Variable	8.45-12.20%	8.45-12.20%	7.25-11.70%	7.25-11.70%	7.25-11.70%	7.25-11.70%	7.25-11.70%	Fees - 0 to 2%
Term	1.5 years	15 years	20 years	Loans limited to 75% CLTV Rate & terms determined by collateral & credit Ag Vision Program - Young, beginning, small, minority				

**Interest rate adjustment varies with interest rate cap.**

**May have prepayment fees. Fixed & ARM rates are also available.**

**May be eligible for .50% - .70% annual interest refund**

<b>CFAB</b>								
Interest - Variable	7.25 - 9%	7.25 - 9%	7.25 - 9%	7.25 - 9%	7.25 - 9%	7.25 - 9%	7.25 - 9%	Fees-1% loan fee + \$200 - \$400 expenses
Term	1 year	7 years	12 years	12 years	12 years	12 years	20 years	Loans limited to 100% CLTV, 70% to 80% standard Rate & LTV determined by collateral & credit Alaskan residents only